CANADIAN FEDERATION OF NURSES UNIONS
LA FÉDÉRATION CANADIENNE DES SYNDICATS D'INFIRMIÈRES ET INFIRMIERS

Summary of CFNU's Parliamentary Breakfast
Stop the Waste: Patients & Citizens Speak Out for Pharmacare

February 7, 2017

Waste: "to spend or use carelessly"; "to squander"; "*waste* valuable resources."

CFNU's annual Breakfast on the Hill, attended by Senators, MPs and health care stakeholders, featured a panel of three individuals – Hugh Mackenzie, economist, Peter MacLeod, Chair of the Citizens' Reference Panel on Pharmacare in Canada, and Edson Castilho, a nurse who works at IWK Health Centre in Halifax, Nova Scotia – speaking about the impact that the lack of a pharmacare plan has every day on Canada, Canada's health system, and patients.

The Economic Perspective

Speaking at CFNU's Breakfast on the Hill on February 7, 2017, economist Hugh Mackenzie said that when it comes to the issue of prescription drugs, **Canada is wasting resources on a daily basis – $14,000 per minute every day, or over $20 million per day, because we are the only country with universal public health care that lacks a national pharmacare plan.**

According to Mackenzie, the concept of national pharmacare has a long history in Canada. In fact, pharmacare was proposed as part of the original concept of medicare. It has been extensively studied and repeatedly recommended by both governmental and non-governmental experts.

In 1964, the Royal Commission on Health Services, whose work led to the establishment of medicare, recommended that the second stage of medicare, after medical services were established, should include coverage of prescription drugs. Both the National Forum on Health in 1997 and the Royal Commission on the Future of Health Care in Canada in 2002 recommended that prescription drugs be included in the single-payer public insurance system. Detailed academic studies have also concluded that replacing the current fragmented system with universal public pharmacare, integrated with medicare, would reduce costs and improve the effectiveness of prescription medication. These savings would free up much-needed resources to support investments in Canada's health care priorities, including Indigenous peoples, seniors, mental health, home care, primary health care, and a myriad of other health care services.

One of the reasons pharmacare is so widely proposed is because, unlike most public policy prescriptions, it does not require trade-offs, where the decision to invest in an initiative requires diverting resources from an equally worthy alternative cause. Moreover, the traditional excuse for inaction – an inability to achieve consensus among Canada's diverse provinces – does not hold up either. Remarkably, recognizing the escalating cost of prescription drugs, in 2004 the provincial premiers and territorial leaders achieved consensus, calling on the federal government to take the lead in establishing a national pharmacare program. Since then, a series of successive federal governments have failed to act despite

the continuing calls for leadership from provincial and territorial governments struggling with the rising costs of pharmaceuticals, and the necessity of delivering health care services to an aging population.

As Hugh Mackenzie details in CFNU's report, the failure to invest in pharmacare in 2004 has been costly. In *Down the Drain: How Canada Has Wasted $62 Billion Health Care Dollars without Pharmacare*, Mackenzie documents the extent of the waste from 2006-2015, estimating $62.3 billion in wasted retail prescription drug spending over 10 years, because Canada did not have a national pharmacare plan. Every year the federal government fails to take action on pharmacare, the waste continues to mount. There is an ever-widening gap between what we are currently paying for pharmaceuticals and what we could be paying if we had a universal national pharmacare plan.

Based on estimates of the difference in cost between current retail prescription drug costs and a national public pharmacare plan, our governments' failure of leadership on universal pharmacare wastes precious health care resources at a current rate of $7.3 billion a year.

Both the macro and micro analyses point to the same conclusion. Internationally, Canada is an outlier among countries with universal public health insurance plans in not covering prescription drugs. Of the seven countries identified as comparators by the Patented Medicine Prices Review Board (PMPRB), six – France, Germany, Italy, Sweden, Switzerland and the United Kingdom – have universal medicare systems that cover prescription drugs. OECD statistics show that, in 2014, Canadians spent $202.93 per capita more than the average in these six countries. The difference between Canada and its international OECD comparators amounts to an overpayment of $7.2 billion (2014) annually. The story from the bottom up is just as compelling. A *Canadian Medical Association Journal* study analyzed the retail costs of drugs (2012-2013) in Canada's ten provinces, compared with estimated retail drug costs in a public universal system. It found that Canada is currently wasting $7.3 billion per year. That's a conservative estimate since the study didn't account for the administrative costs associated with private plans or the costs of employee and employer contributions to private insurance health premiums.

From a policy perspective, national pharmacare should be the ultimate no-brainer – a new program that would deliver better outcomes at substantially lower costs. Every day the federal government fails to act represents a missed opportunity to prevent the waste of billions in Canadian taxpayers' dollars.

Admittedly, there are political challenges in establishing national pharmacare. Our current patchwork of coverage for retail pharmaceuticals is extremely complex, so the transition would involve, among others, federal/provincial/territorial governments, the private sector as employers and insurers, and individuals. It is inevitable that costs will shift in a national pharmacare program. But the total cost will be lower – substantially lower. National pharmacare will result in better, more effective treatments that free up significant resources for other priorities.

Let's not let the complexity of the issue stand in the way of progress. As increasingly patients move out into the community, away from the hospital setting where prescription drugs are covered, relying on primary, community and home-based care, the need for national pharmacare is growing. Less reliance on acute care can only occur if patients can afford their health care treatments – a large part of which is prescription drugs.

All the elements are there to justify moving forward on national pharmacare – consensus has been achieved. What is needed now is political action. To move beyond the complexities, Mackenzie recommends that Minister Philpott, as an immediate first step, convene a panel of experts to determine the next steps so that we can **build the foundation of a National Pharmacare Plan and STOP the waste.**

The Public Perspective

The Citizens' Reference Panel on Pharmacare

In October 2016, the Citizens' Reference Panel on Pharmacare – 35 randomly selected Canadians from across the country – met in Ottawa for five days to hear from a range of experts and consider diverse options. The Reference Panel was funded by UBC's Centre for Health Services and Policy Research, the Canadian Institutes of Health Research, and other partners. Its report, with a clear set of recommendations for Canada's health ministers and policy makers, was released in December 2016.

Peter MacLeod, Chair of the Citizens' Reference Panel on Pharmacare in Canada, speaking to Parliamentarians, said that contrary to the way the public is often depicted in public opinion research or the media – as fractious, polarized or self-interested – the Canadian public, when given the opportunity to engage seriously and substantively in public affairs, is thoughtful, far-sighted and fair. In fact, Canadians were eager to participate in the Reference Panel. Ten thousand letters distributed randomly to households across Canada yielded 400 Canadians from every part of Canada and every walk of life, all eager to play a role in public affairs.

One of the reasons this group was so eager to participate was the topic – pharmacare. Based on the Panel's recommendations, it is clear that the Canadian public believes the time has come to pursue significant and far-reaching reforms to provide Canadians with the coverage they need.

Working under the supervision of an Advisory and Oversight Committee, the Reference Panel often met for 12 hours per day, following a detailed curriculum and hearing from over 20 different speakers over five days, including clinicians, policy makers, pharmaceutical manufacturers, insurers, patient representatives and economists. Each individual provided a different, contrasting, critical perspective; they didn't always agree. For Reference Panel participants, it was a remarkably rapid immersion in a difficult and nuanced policy field.

After listening and engaging with speakers, the panel concluded they had major concerns with Canada's current prescription drug system. Citing limited public awareness of this issue, they found that Canada's patchwork approach leaves millions of Canadians without necessary coverage, leading to poorer patient outcomes and increased overall health care costs. Canada's current fragmented system also means governments have weak purchasing power, which leads to higher than necessary drug costs. Further, predatory pricing and patent extensions drive up costs, with little transparency about the true cost of drug development. Finally, Canada does not collect sufficient and appropriate data to monitor prescription medication costs and their efficacy to inform evidence-based decision-making.

The Citizens' Reference Panel concluded that any national pharmacare proposal must be universal, accountable, evidence-based, sustainable and patient-centred. From MacLeod's unique vantage point as Chair, he believes the Panel's recommendations were informed by their fundamental belief that equal

access to health care is a human right for all Canadians. They saw Canada's health system as a source of national pride, and were offended when Canadians' access to medically-necessary drugs outside of hospital was denied simply because they couldn't afford to pay – especially in the case of chronic and rare diseases. They had a strong sense of confidence in the fairness of medicare and were highly engaged as citizens to protect it as an essential element of Canadian identity.

Recommendations

1. The federal government should work with the provinces and territories to implement universal public coverage of medicines on a new national formulary, which is extensive enough to accommodate the full range of individual patient needs, including rare diseases. All the prescription drugs listed on the formulary must undergo a rigorous evaluation process to ensure both the efficacy and value-for-money of funded treatments.
2. As a first step towards a comprehensive public drug plan, public coverage for a limited list of basic, frequently prescribed drugs should begin immediately.
3. In the second phase, a comprehensive universal pharmacare system with an expanded national formulary would be developed and implemented based on the evidence.
4. Private insurers would continue to provide supplemental coverage. Under any new system, employers, unions and individuals could continue to purchase private insurance for medications not on the public formulary, as well as other para-medical services.
5. Funding of the program could involve modest income and corporate tax increases. Co-payment models should also be considered, provided they do not create an unreasonable barrier for low-income individuals.

The Frontline Perspective

Edson Castilho is a registered nurse in the Allergy Clinic in the IWK Health Centre in Halifax, Nova Scotia. Every day, Edson sees the frontline impacts resulting from Canada's lack of coverage of prescription drug costs as part of Medicare and how this directly affects our children's health and quality of life. Because of the lack of paediatric allergists in the Maritimes, parents of children with allergies travel long distances to access the IWK Allergy Clinic.

At IWK, Edson cares for children with allergic conditions, including food and environmental allergies, and asthma. On an almost daily basis, he sees families without drug plans who cannot afford the full cost of the medications needed for their treatments.

Edson sees children with potentially life-threatening food allergies on a weekly basis. Part of the care he provides is education and training for parents about how to recognize the symptoms of anaphylaxis and how to treat symptoms using an EpiPen. As anyone with an allergy knows, this medication can literally be lifesaving in the event of an allergic reaction to a food or insect sting. A prescription is provided for the EpiPen, and families are asked if they have a drug plan. Many times the answer is "no." An EpiPen currently cost about $120.00 (2016) in Canada, a prohibitive sum for many families without drug plans, especially since children may require more than one to be safe throughout the day, and limited expiry dates preclude long-term storage.

Asthma is also common at the IWK clinic. Puffers are the gold standard for asthma treatment. Again, many families with children who have asthma cannot afford these medications on a long-term basis. IWK can provide a free sample, but it only lasts 30 days. The regular prescribed puffer costs $72.00, but it lasts four months. A patient would need three per year.

Edson saw a child in the clinic whose single mother couldn't afford the puffer. Although he had provided her with two samples, once these ran out, her mother could not afford to renew the prescription; nor was the pair able to return for the scheduled appointment. Edson was concerned, he followed-up, and learned the child had been admitted to hospital because of the lack of medication. This resulted in a two-day hospital stay. Data from the Canadian Institute for Health Information puts the average cost of a hospital stay for asthma at $2,420. That works out to 33 puffers – enough to treat this child for 134 months or 11 years!

Because governments chose to keep the cost of this medication off their books, transferring costs to a single mother with very limited resources, this child suffered in hospital and missed school days; a mother missed work and wasn't paid. If we had a national pharmacare plan, patients, their families and the health care system would reap huge benefits, not only in dollars and cents but in improvements in health outcomes. As a frontline nurse, working with children and families from many different backgrounds, Edson says the evidence on-the-ground suggests Canada should invest in pharmacare as part of our publicly funded health care system. And in so doing, Canada could prevent the needless suffering of many children and their families.

Conclusion

The economic, public and frontline perspective all point to a clear consensus: it is time Canada implemented a national pharmacare plan. This is not the time for more studies on this issue or even more resolutions. The issue has been sufficiently studied and debated. The time for action is now.

For further information

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